

*from the office of*

# *Senator Edward M. Kennedy of Massachusetts*

**FOR IMMEDIATE RELEASE**  
May 25, 1999

**CONTACT:** Will Keyser  
(202) 224-2633

## **TESTIMONY OF SENATOR KENNEDY IN SUPPORT OF THE PRIME ACT HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES**

Thank you, Mr. Chairman, for giving me this opportunity to testify on H.R. 413, the Program for Investment in Microentrepreneurs, or the PRIME Act.

Senator Pete Domenici and I are the principal sponsors of the PRIME Act in the Senate, and it is an honor to be here to testify on this important legislation. Senator Domenici had hoped to join me here today, and I ask that his statement be included in the record.

Senator Domenici and I have worked together on this issue because we both believe in the power of microenterprise and the importance of supporting the small businesses of the future. We been joined by 18 of our colleagues in the Senate, both Democrats and Republicans as sponsors, and the PRIME Act was approved by the full Senate during the recent debate on the Financial Services Modernization Act.

Throughout our nation, the entrepreneurial spirit is thriving, fueled by the extraordinary economic growth and prosperity we currently enjoy. But even with this growth, it takes more than a good idea to launch a successful small business. It takes financial projections, marketing, record-keeping, and much more in order to start a business and make it a success. Budding entrepreneurs need technical skills and training before they can take their good ideas to the next level of starting their own business.

The PRIME Act provides this assistance, by helping entrepreneurs close the gap between important ideas and successful businesses. We do this in three ways:

- We provide grants to non-profit organizations to assist disadvantaged and low-income entrepreneurs and give them technical training and education.
- We encourage the development of new organizations-- and the expansion of existing ones-- to reach more new entrepreneurs, particularly in underserved communities.

-more-

- And we sponsor research on the most innovative and successful ways to encourage these new businesses and enable them to prosper.

The PRIME Act will be administered by the Community Development Financial Institutions Fund in the Treasury Department. A number of micro enterprise programs, predominantly loan programs, are administered effectively by various government agencies and some of these also offer technical assistance to those seeking loans. However, the CDFI Fund has been given the responsibility of coordinating all of the Administration's efforts to support microenterprise. As part of this ongoing coordination, each year the CDFI Fund presents the Presidential Awards for excellence in microenterprise.

The need for greater technical assistance and education is obvious, particularly among entrepreneurs who are not yet ready to apply for loan capital. The CDFI Fund has a unique role in promoting access to capital and supporting economic growth, particularly for low-income individuals in underserved communities across America. In meeting this responsibility, the Fund has well-established relationships with microenterprise organizations nationwide.

For this reasons, I am confident that the CDFI Fund is the best place to implement the PRIME Act, and I support its reauthorization. I continue to be impressed with the leadership of Ellen Lazar, who is overseeing the outstanding work being done at the Fund. The PRIME Act will complement its existing programs, and fill an unmet need in creating greater opportunities for low-income entrepreneurs.

I first became involved in the microcredit issue through an organization in Massachusetts called Working Capital. Through it, I became aware of the increasing need of microentrepreneurs not just for loan capital, but for technical assistance and education. Working Capital is one of over 40 organizations in Massachusetts working to assist new entrepreneurs. They have helped create over 79,000 microentrepreneurs now registered in the state who are contributing substantially to the Massachusetts economy.

I met several of these entrepreneurs at an event just a few months ago in Chelsea, Massachusetts, a community that has struggled economically in recent years and is working hard to come back. In downtown Chelsea the Hispanic Commission Small Business Resource Center is working with individuals, many of whom have also struggled economically, and who are now starting their own businesses so that they can become economically self-sufficient. Small businesses in Chelsea are creating new jobs, strengthening the local economy, building a sound tax base and restoring the fabric of the community. The Hispanic Resource Center is helping to respond to the challenges faced by today's small businesses, and in doing so, it is contributing to the rebuilding of the entire community.

-more-

One microentrepreneur I met in Chelsea that day is Lynn Cabral. Hers is a true success story of what microenterprise can accomplish. In 1993, a car accident left her permanently disabled, and wiped out her hope of working as a producer for a cable channel. With support from Working Capital, she opened a lunch pushcart and her own catering business. Not only is she supporting herself, but most importantly, she has won her self-confidence back. Last December, she was profiled in Forbes Magazine.

The PRIME Act can build more success stories like Lynn Cabral. She is an excellent example of what non-profit organizations are doing in cities, small towns, rural communities, and Native American reservations across the country. Microenterprise works, and the Senate has endorsed it by approving this legislation. I greatly appreciate your consideration of the PRIME Act, and I look forward to working with you to see it enacted into law this year.

Thank you very much.